

NEWS RELEASE

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DeNUCCI: TEWKSBURY HOSPITAL IMPROVES CONTROLS TO CORRECT ABUSES OVER GARAGE OPERATIONS AND PAYROLL

State Auditor Joe DeNucci reported today that Tewksbury Hospital has taken steps to improve controls over its maintenance garage operations and other departments after his audit disclosed a number of questionable activities involving vehicle repairs and payroll practices.

DeNucci's audit was initiated at the request of the Department of Public Health after irregularities were discovered and several employees were terminated or resigned. According to the audit, these abuses occurred because the hospital had failed to establish written policies or procedures concerning vehicle maintenance, and did not track maintenance of its vehicles or keep an inventory of materials and parts.

For example, the maintenance log on a 1998 Chevrolet Blazer revealed that the vehicle had 14 new tires installed before the car had traveled 70,000 miles. Four more new tires were put on the car when it reached a reading of 126,549 miles, giving the vehicle a total of 22 new tires installed, including the four that were originally on the car, during a five-year period. Another vehicle received six new tires with a mileage total of approximately 25,000 miles. Maintenance personnel were unable to explain why such frequent tire changes were necessary.

Acting on Auditor DeNucci's advice, the hospital established a written vehicle repair policy in January, 2005.

DeNucci's audit also found abuses of stand-by duty pay, by which off-duty employees can be called into work immediately by a department head. In one example, a hospital employee who was out of work for seven consecutive weeks (sickness and vacation), received stand-by duty pay of \$630. From fiscal years 2002 to 2004, \$221,979 was spent for stand-by duty, yet the hospital had inadequate controls governing the use, authorization or responsibility for stand-by duty pay.

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Further, overtime costs for fiscal years 2002 to 2004 were substantial and totaled \$4.3 million, with maintenance overtime costs in excess of \$900,000, but the hospital could not provide documentation that supported the reasons for the overtime, the distribution or any authorization for it.

In another area, DeNucci's audit determined that the hospital did not have adequate policies or procedures in place governing purchases under \$1,000 that were made by its Facilities Department. Some purchase orders reviewed during the audit lacked the proper signature, failed to list a description of the purchase or its purpose and did not indicate if the items were intended for specific use or stock.

Moreover, hospital employees were allowed to make purchases under \$1,000 by taking a purchase order to a local Home Depot and charging it against a hospital account. Thirteen employees, four of whom were no longer employed by the hospital, had access to the Home Depot credit card without the hospital's knowledge.

DeNucci's audit also found that a maintenance employee purchased three compressors, priced at almost \$700 each, and twenty 100-foot extension cords. The hospital paid for these items, but did not know if they had ever been delivered, nor did it know where the compressors were being kept.

"A lack of proper controls at Tewksbury Hospital led to some highly questionable activities, particularly in the Maintenance Department," said DeNucci. "However, the hospital has indicated a willingness to implement corrective action, and I anticipate continued improvement."